



REPORT OF INVESTIGATION

File Number: 05-153

Agency: Jekyll Island State Park Authority

Basis for Investigation: Agency Request

Allegations: Improper Gift, Gratuities, Conflict of Interest

Date Opened: January 12, 2006

Investigated By: Dominick A. Crea, Deputy Inspector General

Date of Report: March 15, 2006

James E. Sehorn, Inspector General

OFFICE OF THE INSPECTOR GENERAL



File Number: 05-153

EXECUTIVE SUMMARY

On December 9, 2005, Mr. Bill Donohue, Executive Director, Jekyll Island State Park Authority (JIA), advised the Office of Inspector General (OIG), he was initiating an internal investigation of possible improper gifts and gratuities involving the JIA Director of Golf and Tennis, Mr. Johnny Paulk. Mr. Donohue received information from Mr. Richard Wood, Chairman of the JIA, which indicated that Mr. Paulk may have provided employees of the Dan Vaden Chevrolet Car Dealership, complimentary rounds of golf at one of the Jekyll Island golf courses. The complimentary golf was reported to be in exchange for the free use of a new car.

Upon completion of the JIA internal investigation, Mr. Donohue requested OIG assistance. The OIG opened a formal investigation on January 9, 2006.

The investigation determined that although there was an appearance of the improper acceptance of a gift, the initial acceptance of the gift, over ten years ago, was not in violation of state law or policy. Additionally, since 1998, the current Executive Director was aware of Mr. Paulk's use of a Dan Vaden Chevrolet demonstrator vehicle and did not view the use of the demonstrator vehicle as improper.

During the conduct of this investigation the Executive Director, because of the appearance of a possible conflict of interest under the current Executive Order, Establishing a Code of Ethics for Executive Branch Officers and Employees, dated January 13, 2003, requested Mr. Paulk return the vehicle. Mr. Paulk immediately complied with the request and returned the vehicle.

The investigation determined that although complimentary golf was provided to employees of Dan Vaden Chevrolet, it was not in consideration for the use of the vehicle by Mr. Paulk.

The JIA provides complimentary golf to several sponsors of JIA golf events, and their employees and guests. Two of the sponsors, Dan Vaden Chevrolet and Colonial Ford, are car dealerships. Each of the two dealerships provides a hole-in-one car. The hole-in-one car is a prize for a participant in a tournament that gets a hole-in-one at the designated hole on a golf course. Sponsors also provide other goods and services at no direct cost to the JIA.

The investigation determined that the complimentary golf is part of the consideration of a sponsorship agreement, is accounted for in JIA records and is commensurate with the value of goods and services provided by the sponsors. The sponsorship agreements with the two car dealerships are long-standing but have not been formalized in writing. The JIA staff is developing written sponsorship agreements for the two car dealerships.

As part of the investigation the OIG reviewed the employment history of Mr. Paulk and the business relationships of Mr. Paulk with the JIA. The current situation is that Mr. Paulk is a full-time employee of the JIA as the Golf and Tennis Director. Since he was hired in 1968, as part of his compensation package, Mr. Paulk operates the Golf Pro Shop on Jekyll Island as a private enterprise.

This compensation arrangement is memorialized in an Inter-Office Memorandum dated June 12, 1982, signed by the 1968 Executive Director Horace Caldwell and Johnny Paulk, Golf Professional. This compensation package is under review by the JIA and the Attorney General's office to determine whether it is viable under current state law.

The OIG makes the following recommendations to the JIA:

- 1) Review Section 4.10, *Human Resources Standards of Practice, Subject: Gifts and Gratuities*, of their Policy Manual, and revise in accordance with the current Executive Order, Establishing a Code of Ethics for Executive Branch Officers and Employees, dated January 13, 2003.
- 2) Complete the review of Mr. Paulk's compensation package and, in coordination with the Attorney General's Office, take appropriate action.
- 3) Develop written agreements with all JIA sponsors that must be reviewed and renegotiated on a regular basis.

The OIG requested the JIA, within 30 days of the issuance of this report, provide a written response whether and how these recommendations will be implemented.



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File No. 05-153

TABLE OF CONTENTS

I.	Basis for investigation.....	1
II.	Narrative.....	1-5
III.	Conclusion.....	6
IV.	Recommendations.....	6-7
V.	Referrals.....	7

I. BASIS FOR INVESTIGATION

On January 12, 2006, the Office of the Inspector General (OIG), at the written request of the Executive Director, Jekyll Island State Park Authority (JIA) opened an investigation to determine whether an employee of the JIA improperly made an arrangement with a local car dealership that a new car purchaser would receive a free round of golf at Jekyll Island, in exchange for the use of a new car, whether there was the acceptance by a state employee of an improper gift and whether a state employee gave improper gratuities in the form of free rounds of golf at JIA golf facilities.

II. NARRATIVE

Background:

The OIG reviewed official files, JIA policies and procedures, and interviewed material witnesses.

O.C.G.A. 12-3-232 established The Jekyll Island State Park Authority (JIA). The JIA is an executive agency of state government. The JIA is governed by a board of directors appointed by the Governor.

Investigative Activity:

On January 31, 2006, Ms. Laura Bonds, Deputy Director of JIA, personally delivered to the Office of the Inspector General (OIG) in Atlanta, Georgia, a binder containing a copy of her investigation dated December 20, 2006, with fifteen (15) attachments. The report and each attachment are separate exhibits 9 – 25 in the file.

Ms. Bonds reported that the vehicle involved has been returned to the car dealership.

Ms. Bonds informed the OIG that the JIA leadership is coordinating with Assistant Attorney General Alison Spencer and Senior Assistant Attorney General Ray Lerer about possible personnel actions. The OIG informed Ms. Bonds that personnel actions need not be delayed awaiting a final report from this office.

On February 7, 2006, in the conference room at the Jekyll Island Authority (JIA) office, the OIG interviewed Mr. Johnny Paulk, Director of Golf and Tennis, JIA.

Mr. Paulk related he has been a PGA professional for forty-two (42) years. In 1960, he became the Assistant Golf Professional in the golf shop at the East

Lake Country Club in Atlanta. At East Lake, the golf shop was owned by the Golf Professional.

In 1968, Mr. Horace Caldwell, then JIA Director, offered Mr. Paulk the position as the Golf Professional for the JIA. Mr. Horace Caldwell was the first of six directors for whom Mr. Paulk has worked.

Mr. Paulk and his wife decided to take the position. During the entire time he has worked at JIA, his wife has assisted him in the golf shop.

When asked about the terms of his original employment and/or contract with Jekyll Island, Mr. Paulk stated when he first came to Jekyll he did not have a written contract and has never had a written contract. Mr. Paulk also stated that Mr. Caldwell told him a contract was "not even worth the paper it's written on."

Originally, the JIA paid Mr. Paulk about seven thousand dollars a year in wages, five percent of the gross of the cart rentals. As part of the compensation package JIA gave Mr. Paulk the use of a building to operate the golf shop as a private enterprise, and Mr. Paulk had to pay JIA twenty percent of the gross revenues of the golf shop.

Mr. Paulk recalled that his predecessor, Tommy Bean, "became a millionaire" as the JIA golf professional because he received a substantial portion of the cart rentals. It was when management took the golf cart rentals away from Mr. Bean that Mr. Bean resigned, thereby opening the position for Mr. Paulk. Mr. Paulk stated he never received any golf cart rentals and never received more than five percent of the pull-cart rentals.

Later, according to Mr. Paulk, JIA management decided to increase his salary for retirement purposes. JIA removed the five percent of the pull-cart rentals from Mr. Paulk's compensation package and paid him an equivalent amount in salary.

Mr. Paulk stated he never asked for, nor did he ever receive, a salary increase except for cost-of-living and statewide salary adjustments that were given to every other state employee. Even though over the years Mr. Paulk had several offers to leave JIA for more money, he always refused the offers. Mr. Paulk said he was comfortable at Jekyll Island and is not motivated primarily by money.

A review of Mr. Paulk's salary history, JIA records and interviews with Executive Director Bill Donohue and Deputy Director Laura Bonds corroborated Mr. Paulk's statement concerning his compensation.

Mr. Paulk vehemently denied any knowledge of any arrangement to provide a free round of golf to the purchaser of a new car at either Dan Vaden Chevrolet or Colonial Ford.

Mr. Paulk stated he has a long-term relationship and friendship with John Tompkins, General Manager at Dan Vaden Chevrolet. Both Mr. Tompkins and

Jim King of King's Colonial Ford have done many things to promote golf on Jekyll Island through sponsorship of golf tournaments.

At no cost to the JIA, both dealerships provide cars for hole-in-one prizes and Dan Vaden Chevrolet provides the free use of vans and cars during tournaments. Mr. Paulk stated he would, on occasion, provide Mr. Tompkins or Mr. King, and the foursome he might bring with him, a complimentary round of golf.

Mr. Paulk was adamant that his motivation was not for any personal gain. He provided the complimentary rounds which were documented in the golf shop as a part of their long-time sponsorship of the Jekyll Island golf program. He stated he did this with the knowledge of the Executive Directors.

Mr. Paulk made clear he did not drive the hole-in-one car. The vehicle John Tompkins provided to him for his use was always a General Motors six or seven passenger van. Mr. Paulk said Mr. Tompkins provided the car to him to get some exposure of the vehicle on Jekyll and because he was a long-time friend who Mr. Tompkins could trust would take proper care of the new van.

The van was always a demonstrator vehicle that had the manufacturer's sticker on it. When the car was sold to a customer, Mr. Paulk would clean up the van and give it back to Mr. Tompkins. Mr. Tompkins would then give him another demonstrator to drive. Mr. Paulk recalled that Executive Director Bill Donohue purchased one of the vans he drove.

Mr. Paulk stated that the complimentary van was used predominantly for JIA government business. He stated that JIA never assigned a vehicle to him. He never believed a JIA vehicle for his use was ever part of his compensation package and therefore never requested an assigned vehicle.

Mr. Paulk told of the JIA policy to provide sponsors, including Dan Vaden Chevrolet, complimentary rounds of golf both in exchange for and as appreciation for the sponsorship of golf tournaments. Mr. Paulk stated that if the courses are busy, there are no complimentary rounds for any sponsor. The complimentary golf was always during off-peak times when there were few people on the course.

Mr. Paulk believes that providing complimentary rounds to sponsors and others who can spread the word about Jekyll Island is one of the best ways to promote the golf courses. Mr. Paulk added that staff daily accounted for and reported the complimentary rounds to JIA management.

Mr. Paulk discussed the financial relationship of the golf shop and the JIA. He stated that JIA provides the facility and pays the utilities. In exchange he provides to JIA twenty percent of the Golf Pro Shop gross sales. He believes last year he paid the JIA about sixty thousand dollars (\$60,000.00). From the remaining eighty (80) percent of about two hundred forty thousand dollars

(\$240,000), Mr. Paulk bought the merchandise, paid employee salaries and whatever was left was his profit.

Mr. Paulk expressed regret that he may have inadvertently allowed a situation to occur that may bring embarrassment to the JIA. He said he has, with the support of his family, devoted his life to do everything he could to support Jekyll Island.

On February 7, 2006, in his office at the Jekyll Island Authority building, the OIG interviewed Mr. Bill Donohue, Executive Director, JIA.

Mr. Donohue stated he came to the JIA as the Executive Director, about eight years ago. During the first few months of his tenure, he noticed that Mr. Johnny Paulk, the Golf Director (a state position) and operator of the Golf Pro Shop (a separate and private commercial operation), drove to work in a brand new van with the dealer sticker in the window and dealer plates. A few weeks later, as a matter of satisfying his curiosity, he asked Mr. Paulk about the vehicle and why he did not have his plates yet.

It was at that time, about eight years ago, that Mr. Donohue first became aware of the fact that John Tompkins, General Manager of Dan Vaden Chevrolet, allowed Mr. Paulk extended complimentary use of a demonstrator vehicle on Jekyll Island. Mr. Donohue later became aware that Dan Vaden Chevrolet was, and still is, a regular and generous sponsor of JIA golf tournaments. Mr. Donohue stated that it was not until December 2005 when Mr. Richard Wood, the current Chair of the JIA Board, asked him about the vehicle did he perceive an issue with Mr. Paulk's use of the Dan Vaden demonstrator van.

Mr. Donohue related that he previously worked in the State Parks Department where he knew four or five other golf pros who were state employees at other state golf courses. He was aware of issues related to how golf pros hired by the State out of private industry were unaccustomed to a straight salary without a compensation package that included percentages of golf cart rentals, green fees, etc. He stated he had planned to address and change the pro shop arrangement at Jekyll Island when Mr. Paulk retired.

In the year 2000, Mr. Donohue expected Mr. Paulk to retire at 65 years of age with maximum benefits. Mr. Paulk has continued to work full-time. Mr. Donohue stated that prior to Richard Wood bringing up the issue in December 2005; he did not question the use of the car because he saw it as a personal gift from a long-time friend. Mr. Donohue was sensitive to the issue of possible favoritism toward the Dan Vaden dealership. Mr. Donohue never saw any indication that the Dan Vaden dealership was treated differently than any other sponsor.

Mr. Donohue stated once he became aware of the problematic nature of the appearance that the use of the vehicle was a gift to a state employee, he asked Mr. Paulk to return the vehicle. Mr. Donohue stated Mr. Paulk did not hesitate to return the vehicle. Mr. Donohue admits that he has been aware of the situation

for many years and allowed it to continue because he did not perceive a violation.

Concerning the complimentary green fees, Mr. Donohue stated he was aware that JIA, through Johnny Paulk and as part of unwritten sponsorship agreements, provided complimentary green fees to long-time sponsors. Donohue believes this is a legitimate marketing tool and was closely monitored by himself and his staff.

Mr. Donohue recognizes the need for written policy in this area and presently has his staff developing written policies and agreements with sponsors to clearly set forth the parameters of the relationship. He stated his staff is working with the Attorney General's office.

Mr. Donohue believes Mr. Paulk to be an honest man and totally committed to the success of the JIA. Donohue emphatically stated that Mr. Paulk devotes almost all his time to the JIA. Mr. Donohue admitted that his belief in the absolute integrity of Mr. Paulk led him to delay implementation of written policies and a change in the golf shop arrangement.

Mr. Donohue stated he has looked at the records compiled by his Deputy, Laura J. Bonds, concerning the complimentary green fees and the use of the demonstrator vehicle. He has seen no indication of any fraud, waste or abuse in the complimentary green fee issue. The OIG review found no evidence of any fraud, waste or abuse.

Mr. Donohue does recognize the appearance of possible impropriety of the golf director's use of a complimentary vehicle and has taken action to terminate it.

On February 16, 2006, the OIG called Mr. Richard Wood, Chairman of the JIA Board of Directors, at his home on St. Simons Island. Mr. Wood provided me the name of the salesman at Dan Vaden Chevrolet who told him of complimentary golf at Jekyll Island golf courses.

Mr. Wood stated the salesman did not "offer" a free round of golf as an inducement to purchase the vehicle. To the best of Mr. Wood's recollection, the salesman said words to the effect, "Mr. Wood, we know the owner of the golf club at Jekyll Island. We have an arrangement that he let's us play golf for free with friends and customers. I have played golf there many times. All we have to do is contact someone in management here at the dealership who contacts the golf club and arranges the tee times."

Mr. Wood emphasized that the salesman did not offer Mr. Wood to go with him on a round of golf or that a round of golf was part of the deal to purchase the car. Mr. Wood thought that the salesman was leaving it up to Mr. Wood to ask for a free round of golf. Mr. Wood stated he never asked for, nor received, a free round of golf.

III. CONCLUSION

The investigation determined that although there was an appearance of the improper acceptance of a gift, the initial acceptance of the gift, over ten years ago, was not in violation of state law or policy. Additionally, since 1998, the current Executive Director was aware of Mr. Paulk's use of a Dan Vaden Chevrolet demonstrator vehicle and did not view the use of the demonstrator vehicle as improper.

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This compensation arrangement is memorialized in an Inter-Office Memorandum dated June 12, 1982, signed by the 1968 Executive Director Horace Caldwell and Johnny Paulk, Golf Professional. This compensation package is under review by the JIA and the Attorney General's office to determine whether it is viable under current state law.

IV. RECOMMENDATIONS

The OIG makes the following recommendations to the JIA:

- 1) Review Section 4.10, *Human Resources Standards of Practice, Subject: Gifts and Gratuities*, of their Policy Manual, and revise in accordance with the current Executive Order, Establishing a Code of Ethics for Executive Branch Officers and Employees, dated January 13, 2003.

- 2) Complete the review of Mr. Paulk's compensation package and, in coordination with the Attorney General's Office, take appropriate action.
- 3) Develop written agreements with all JIA sponsors that must be reviewed and regularly renegotiated.

Within 30 days of the issuance of this report the Executive Director of the Jekyll Island Authority shall provide a written response whether and how these recommendations will be implemented.

V. Referrals

There are no referrals relating to this complaint.